GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:142
ANSWERED ON:25.11.2016
Digital Payment Systems
Joshi Shri Pralhad Venkatesh

Will the Minister of FINANCE be pleased to state:

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS

LOK SABHA
STARRED QUESTION NO. 142
TO BE ANSWERED ON 25TH NOVEMBER, 2016/27TH KARTIKA, SAKA, 1938

DIGITAL PAYMENT SYSTEMS

142*. SHRI PRALHAD JOSHI:

QUESTION
Will the Minister of FINANCE be pleased to state:
a) whether the Government has taken note of various mode of payments made for transactions namely cash, cheque, digital etc., by the citizens in the country and if so, the details thereof;
b) whether the Government proposes to increase the digital payment mode and also launch a new initiative in partnership with the United States Agency for International Development (USAID) to scale digital payments in India and if so, the details thereof along with the benefits of the said initiative;
c) the mechanism put into place for effective implementation of the system/project; and
d) whether funds have been committed in the recent past in the implementation of digital transaction and if so, details thereof during last two years and the current year?

Answer

ANSWER
MINISTER OF FINANCE
(SHRI ARUN JAITLEY)

(a) to (d): A statement is laid on the Table of the House.
Statement referred to in reply to Lok Sabha Starred Question No. 142* to be answered on 25.11.2016 regarding Digital Payment System
(a): Government is aware that most of the transactions in India are cash based. A study report on the 'The Cost of Cash in India' conducted by The Fletcher School. Tufts University in collaboration with National Institute for Bank Management, Pune, in 2014, indicates that 87% of all transactions in India were cash based. Further, of the non-cash instruments used, cheques continue to be the dominant mode in retail payments.
(b) to (d): To encourage cashless transactions and promote the use of cards and digital means in transactions, Government has taken various steps. This move is aimed at reducing cash transactions thereby reducing the risks and costs of handling cash at the individual level, improving the ease of conducting transactions, reducing tax avoidance, reducing the cost of managing cash in the economy, building a transitions history to enable improved credit access and financial inclusion and reducing the impact of counterfeit money.
Government has adopted multi-pronged approach to encourage payment through cards/digital means which inter-alia includes promoting and adopting several measures for card/digital transactions, creating acceptance infrastructure, encouraging mobile banking/payment channels and creating awareness, framing necessary guidelines to ensure that merchant payments are interoperable across the broad spectrum of payments and settlement systems, framing new guidelines or revising existing guidelines to allow POS/Mobile POS terminals in Tier III and below towns and rural areas, etc. With a view to implementing the above scheme, a Task Force and a Committee have been constituted to review the Framework related to Digital payment system in the country and to recommend appropriate measures for encouraging digital payments.
A dedicated fund under Depositor Education and Awareness Fund (DEAF) is in place for expanding acceptance infrastructure and conducting awareness campaigns amongst public for a cash less society.
Further, a Memorandum of Understanding (MoU) regarding a partnership to support financial inclusion through expanded payments acceptance networks has been signed on 04.11.2015 between the Department of Economic Affairs and United States Agency for International Development (USAID). The objectives of this partnership are expanding the acceptance of digital payments, promoting interoperable payment solutions, building consumer confidence in digital payments, coordinating with relevant stake-holders at the national, state and local levels as needed to maximise the impact of partnership activities, and facilitating coordination with other relevant agencies.